HANBO 恒寶

HANBO ENTERPRISES HOLDINGS LIMITED
恒寶企業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1367

Interim Report 2017

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Jia Bowei *(Chairman)*
Mr. Lam Kwan Sing *(Chief Executive Officer)*
Mr. Liu Zhijun *(Appointed on 7 July 2017)*
Ms. Yi Sha *(Appointed on 25 May 2017)*
Mr. Wong Nga Leung
Mr. Hon Ming Sang

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

NOMINATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

COMPLIANCE COMMITTEE

Mr. Lam Kwan Sing *(Chairman)*
Mr. Jia Bowei
Mr. Wong Nga Leung
Mr. Hon Ming Sang
Mr. Fok Ho Yin, Thomas
Mr. Chan Wai Cheung, Admiral
Mr. Lam Ho Pong

COMPANY SECRETARY

Mr. Hon Ming Sang *(Appointed on 7 July 2017)*
Ms. Man Tsz Sai, Lavender *(Resigned on 7 July 2017)*

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing
Mr. Hon Ming Sang *(Appointed on 7 July 2017)*
Ms. Man Tsz Sai, Lavender *(Resigned on 7 July 2017)*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 904-5
9/F., Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-4
33/F., Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Corporate Information

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and
Shanghai Banking Corporation Limited

AUDITOR

Ernst & Young
Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

WEBSITE

www.hanbo.com

STOCK CODE

1367

Management Discussion and Analysis

BUSINESS REVIEW

Hanbo Enterprises Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") was principally engaged in (i) apparel trading and supply chain management services business; (ii) financial services business; (iii) money lending business; and (iv) securities investment during the period.

Apparel Trading and Supply Chain Management Services Business

For the six months ended 30 June 2017, the Group's revenue derived from supply chain management services business was HK$169,617,000, representing a decrease of approximately 18.3% when compared to the corresponding period last year of HK$207,605,000. The decrease was mainly attributable to the significant decrease in Group's sales in June 2017 to department and specialty stores in the United States of America ("USA") because of the stagnant apparel retail market. Nevertheless, gross margin for the supply chain management services business increased from approximately 14.8% for the corresponding period last year to approximately 18.9% for the period due to relatively higher proportion of sales to high gross margin customers. Hence, gross profit for the segment increased slightly from HK$30,768,000 for the corresponding period last year to HK$32,081,000 for the period. Segment profit from the respective segment was HK$6,929,000 as compared to HK$5,088,000 segment profit for the corresponding period last year. The increase was mainly because of the increase in gross profit for this segment.

Financial Services Business

On 16 December 2016, the Group had acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun Wealth Management Company Limited ("Tak Yun") at a total consideration of approximately HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Tak Yun is a corporation licensed for Type 1 (Dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the "SFO"). In January 2017, the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Tak Yun at a total cash consideration of approximately HK$14,622,000 (subject to adjustment with reference to the net asset value of Tak Yun as at the date of completion of the acquisition). In June 2017, Tak Yun issued and allotted 1,000,000 ordinary shares at HK$1 each. The Group subscribed 95,000 ordinary shares, which is in proportion to the percentage of shareholding of the Group as at the date of share issue, at a total cash consideration of HK$95,000. As at 30 June 2017, the Group holds 760,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun.

In February 2017, the Group entered into a conditional sale and purchase agreement with a third party independent of the Company and its connected persons (as defined under the Listing Rules) for the acquisition of a company which is licensed to carry out Type 4 (Advising on securities) and Type 9 (Asset management) regulated activity under the SFO (the "Target Company") at a total consideration of approximately HK$6,600,000 (subject to adjustment with reference to the net asset value of the Target Company as at the date of completion).

Management Discussion and Analysis

In April 2017, Silver Year Limited ("Silver Year"), an indirect wholly-owned subsidiary of the Company, entered into a capital contribution agreement with 湖南匯垠天星股權投資私募基金管理有限公司 (Hunan Huiyin Tianxing Private Equity Investment Fund Management Co., Ltd#) ("Hunan Huiyin Tianxing") and its shareholders, pursuant to which Silver Year agreed to make capital contribution in the amount of Renminbi ("RMB") 25,000,000 by way of cash to Hunan Huiyin Tianxing and become a shareholder of the Hunan Huiyin Tianxing holding 51% of its equity interests upon completion of the transaction. Hunan Huiyin Tianxing is engaged in equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund, corporate management consultancy services. Details of the capital contribution is set out in the announcement and the circular of the Company dated 27 April 2017 and 8 June 2017, respectively.

The above transactions are not yet completed as at 30 June 2017. Upon completion of the above transactions, the Group would further expand and diversify its financial services business and achieve synergy effect.

Money Lending Business

The Group engaged in the money lending business through Capital Strategic Partners Limited, an indirect wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. During the period, the interest income and operating loss generated in this segment during the six months ended 30 June 2017 were HK$1,285,000 (2016: nil) and HK$8,272,000 (2016: nil), respectively. Operating loss increased in this segment during the six months ended 30 June 2017 was mainly resulted from the allocation of centralised administrative expenses. During the year ended 31 December 2016, one transaction of loan advanced to a customer occurred, which was disclosed in the announcements issued by the Company on 19 December 2016 and 19 June 2017, respectively. The loan is still outstanding as at 30 June 2017. The management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loans portfolio and lending rates charged to each customer in order to maximise the return of the money lending business as well as diversify the credit risk.

Securities Investment

During the period, the Group carried out the Group's investment business in securities investment.

As investment in securities is one of the operating businesses of the Group, the net realised and unrealised gain or loss on financial assets at fair value through profit or loss is recognised as a component of the revenue of the Group.

During the period, the revenue arising from this segment was negative revenue of HK$2,256,000 (2016: nil). Revenue was attributable to the net unrealised loss on securities investment of HK$2,256,000 (2016: nil). No realised gain or loss on securities investment was noted during the period.

The overall performance of the securities investment business recorded a loss of HK$2,260,000 for the six months ended 30 June 2017 (2016: nil), which was primarily attributable to the unrealised loss on securities investment stated above, net of administrative expenses of HK$4,000 (2016: nil) incurred during the period as a result of business operation. As at 30 June 2017, the market value of the Group's listed securities portfolio was HK$8,272,000 (31 December 2016: HK$10,528,000).

Management Discussion and Analysis

FINANCIAL REVIEW

During the period under review, the Group has diversified its operations into four segments, being

(a) trading of apparel products and provision of the apparel supply chain management services;

(b) financial services;

(c) money lending; and

(d) securities investment.

Financial results from the Group's operations are summarised as follows:

Revenue

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the six months ended 30 June 2017 is as follows:

Supply chain management services business: HK$169,617,000, 100.6% of revenue (2016: HK$207,605,000, 100.00%)

Money lending business: HK$1,285,000, 0.8% of revenue (2016: nil)

Securities investment: negative revenue of HK$2,256,000, -1.4% of revenue (2016: nil)

Revenue by Geographical Region

During the period, approximately 99.9% (2016: 98.6%) of the Group's total revenue from external customers, based on the locations of the products shipped to, were attributed to the USA.

The Group's revenue for the period was HK$168,646,000, being a decrease of HK$38,959,000 when compared to the corresponding period last year of HK$207,605,000. The decrease was mainly due to the net effect of (i) a decrease in revenue derived from supply chain management services business to HK$169,617,000 (2016: HK$207,605,000) due to the significant decrease in Group's sales in June 2017 to department and specialty stores in the USA because of the stagnant apparel retail market; (ii) an unrealised loss on an investment in listed equity investment at fair value through profit and loss of HK$2,256,000 (2016: nil), which was arising from the Group's business segment on securities investment; and (iii) an interest income from a loan advanced to an independent third party of HK$1,285,000 (2016: nil).

Management Discussion and Analysis

Cost Of Sales

Cost of sales of the Group relates to its supply chain management services business and includes raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products. Other costs include miscellaneous costs such as freight charges, inspection charges, declaration fees, depreciation and insurance.

Subcontracting fees continues to be the major component of the Group's total cost of sales.

Gross Profit and Margin

The Group's gross profit for the period was HK$31,110,000, representing an increase of approximately 1.1% from HK$30,768,000 in the corresponding period last year.

The Group's gross profit margin for its supply chain management services business increased from approximately 14.8% for the corresponding period last year to approximately 18.9% for the period, which was mainly attributable to relatively higher proportion of sales to high gross margin customers during the period.

Other Income

Other income for the period was HK$713,000, representing an increase of approximately 32.8% from the corresponding period last year of HK$537,000. The increase was mainly due to the effect of increase in rework and compensation income of HK$479,000.

Selling and Distribution Costs

Selling and distribution costs primarily consist of (i) sample cost; (ii) travelling expenses; (iii) electronic data interchange charges; (iv) entertainment expenses; (v) air freight charges; and (vi) other selling and distribution expenses. Selling and distribution costs increased by approximately 359.9% from HK$409,000 to HK$1,881,000, which was mainly due to increase in air freight charges.

Administrative Expenses

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, entertainment expenses, rental expenses for the Group's office premises and travelling expenses. Administrative expenses increased by approximately 50.5% from HK$25,778,000 to HK$38,798,000, which was mainly due to the increase in salaries and other office and travelling expenses derived from the Group's new administrative office in Hong Kong and depreciation of right-of-use assets.

Other Expenses, Net

Other expenses, net mainly represented the claims paid to customers. Other expenses, net for the period was HK$771,000, representing an increase of approximately 711.6% from HK$95,000 in the corresponding period last year. The increase was mainly due to increase in claims paid to customers.

Management Discussion and Analysis

Finance Costs

Finance costs increased by approximately 1,584.6% from HK$26,000 to HK$438,000. The increase was mainly due to increase in average utilisation of trust receipt loans and interest on lease liabilities upon early adoption of new Hong Kong Financial Reporting Standard 16 *Leases* during the period.

Loss for the Period

The net loss attributed to shareholders of the Company (the "Shareholders") for the period amounted to HK$11,037,000 (2016: net profit of HK$4,136,000), resulted in a basic loss per share for the period of HK2.30 cents (2016: a basic earnings per share of HK0.86 cents), representing an increase in loss by 366.9%. The increase in loss was resulted from the effects of (i) an unrealised fair value loss on a financial investment at fair value through profit and loss of HK$2,256,000 for the six months ended 30 June 2017 (2016: nil); and (ii) administrative expenses of HK$38,798,000 (30 June 2016: HK$25,778,000), mainly includes staff costs, depreciation of right-of-use assets and travelling expenses.

PROSPECTS

Apparel Trading and Supply Chain Management Services Business

The management of the Group expects the business environment for the apparel supply chain management services business in the second half of the year 2017 to remain challenging. Major existing customers have been experiencing stagnant or declining sales and hence reassessing their sourcing strategies. Hence, the management responds by exploring aggressively for new customers through competitive prices and shorter delivery time of the sales orders. Besides, diversification of customer base to other countries such as Canada and the People's Republic of China ("PRC") are being sought. The management also keeps on enhancing the ERP system through internal development and outsourcing to further strengthen our relationship with supply chain partners to improve efficiency.

Money Lending and Financial Services Businesses

The management expects that the money lending business segment will become one of the Group's stable income sources. In the near future, the management is going to put more effort to develop the money lending operation and aims to gain a higher level of loan advance balance with significant returns. It is believed that expansion of money lending operation will help the Group to lay a solid capital foundation for the development of financial services sector and maintain a healthy cash flow.

As disclosed in the Company's announcement dated 6 December 2016, the board (the "Board") of directors (the "Directors") intended to explore diversification of its operations into the financial services sector which includes but not limited to the provision of financing, brokerage, asset management and investment management services, and securities investments. Apart from the transactions in progress mentioned above, the management continues looking into possible acquisitions of relevant licensed corporations, asset management companies and other financial service platforms located in both Hong Kong and the PRC, in order to build a strong, growing and diversified financial services sector.

In addition, the Group is currently looking into other financial service platforms such as fund management companies and plans to further expand this segment via business combination.

Securities Investment

During the period, the Hong Kong stock market was highly volatile due to both domestic and worldwide social and economic issues. To cope with such situations, the Group will continue to closely monitor the market conditions and may consider to change its investment portfolio from time to time. We will also explore other investment opportunities including but not limited to investment in private equities, debt securities, derivatives and funds. With the introduction of the new management to the Group, the management plans to revise its investment strategies and formulate new investment policies in the near future.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including interest-bearing bank and other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the repayment of existing debt. The Group's overall strategy remains unchanged throughout the period.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group's working capital was financed by both internal resources and bank and other borrowings.

As at 30 June 2017, cash and cash equivalents amounted to HK$50,422,000, which increased by approximately 2.3% as compared to HK$49,286,000 as at 31 December 2016.

As at 30 June 2017, the Group's total borrowings amounted to HK$3,192,000 (31 December 2016: HK$12,316,000), mainly consist of finance lease liabilities amounting to HK$192,000 (31 December 2016: HK$228,000) and bank and other borrowings amounting to HK$3,000,000 (31 December 2016: HK$12,088,000). The bank and other borrowings of the Group as at 30 June 2017 were incurred for trading finance and investment purpose. The bank borrowings of the Group as at 31 December 2016 were incurred for trade finance purposes.

The current ratio of the Group as at 30 June 2017 was 2.8 (31 December 2016: 3.0). The gearing ratio (being sum of other borrowings and the finance leases liabilities divided by the equity attributable to the owners of the Company) of the Group as at 30 June 2017 was approximately 2.7% (31 December 2016: 0.2%).

The Group's net current assets and net assets of HK$83,419,000 (31 December 2016: HK$107,376,000) and HK$119,041,000 (31 December 2016: HK$130,539,000), respectively.

Management Discussion and Analysis

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and United States dollars ("US$"). The Group has currency exposure as certain subcontracting fees incurred in the PRC were denominated in RMB. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During the period, the Group's capital expenditures consisted of additions to property, plant and equipment amounting to HK$1,747,000 (2016: HK$65,000).

CAPITAL COMMITMENT

As at 30 June 2017, the Group had a capital commitment of HK$38,239,000 (31 December 2016: HK$790,000) in relation to acquisition of subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 155 employees, including the Directors. Total staff costs (including Directors' remuneration) was HK$22,116,000 for the period, as compared to HK$16,294,000 for the corresponding period last year.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of the basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other major staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of social insurances for employees who are employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for shares of the Company may be granted to the Directors and employees of the Group.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries" below, the Group did not have any plans for material investments during the period. The Group will finance the future acquisitions through internally generated funds and other fund raising activities, including but not limited to issue of new debts or equity instruments.

SIGNIFICANT INVESTMENT

The Board would like to inform the Shareholders that all equity investments at fair value through profit or loss held as at 30 June 2017 represented shares listed in Hong Kong and the relevant information of the Group's significant investment held at 30 June 2017 is summarised below:

Equity investment at fair value through profit or loss

Stock Code	Name of Security	% of shareholding in the listed securities held by the Group at 30 June 2017	Unrealised loss for the six months ended 30 June 2017 HK$'000	Fair value of the investment in listed securities at 30 June 2017 HK$'000
767	Pacific Plywood Holdings Limited ("PPHL")	0.49	(2,256)	8,272

Information published by PPHL regarding its performance and prospects can be found at the HKEXnews website. According to PPHL's announcement of interim results for the six months ended 30 June 2017, the PPHL group was principally engaged in the business of operation of peer-to-peer ("P2P") financing platform and other loan facilitation services, money lending and provision of credit and securities investments.

The Company expects that the future performance of the Group's investment portfolio (including the significant investment described above) will be affected by the following external factors:

1) Market risk arising from fluctuations in Hong Kong stock market and changes in the domestic and global economy.

2) Policy risks in the PRC that may materially and adversely affect the outlook for companies in its portfolio.

3) The market price of each stock will be affected by the financial performance and development plans of the relevant company, as well as the outlook of the industry in which such company operates.

In order to mitigate possible financial risks related to the equities, the management will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

As disclosed in the announcement of the Company dated 16 December 2016, the Group acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun at a total consideration of approximately HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Listing Rules). Tak Yun is a corporation licensed for Type 1 (Dealing in securities) regulated activity under the SFO. In January 2017, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Tak Yun (the "Acquisition") at a total cash consideration of approximately HK$14,622,000 (subject to adjustment with reference to the net asset value of Tak Yun as at the date of completion of the Acquisition). In June 2017, Tak Yun issued and allotted 1,000,000 ordinary shares at HK$1 each. The Group subscribed 95,000 ordinary shares, which is in proportion to the percentage of shareholding of the Group as at the date of share issue, at a total cash consideration of HK$95,000. As at 30 June 2017, the Group holds 760,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun. Completion of the Acquisition is conditional upon the necessary approval(s) from the Securities and Futures Commission (the "SFC") being obtained. Upon completion of the Acquisition, Tak Yun will become a wholly-owned subsidiary of the Company and the financial information of Tak Yun will be consolidated into the financial information of the Group.

In February 2017, the Group entered into a conditional sale and purchase agreement for the acquisition of the Target Company at a total consideration of approximately HK$6,600,000 (subject to adjustment with reference to the net asset value of the Target Company as at the date of completion). Completion of this acquisition is conditional upon (i) completion of legal, business and financial due diligence to the satisfaction of the Group; (ii) approval being obtained from the SFC for change of substantial shareholder of the Target Company under section 132 of the SFO (the "Approval for Change of Substantial Shareholder"); (iii) the active status with the SFC being maintained; and (iv) the Target Company having obtained the licence for carry out Type 4 (Advising on securities) regulated activity under the SFO. Completion of this acquisition is to take place within 15 days upon the Approval for Change of Substantial Shareholder being obtained from the SFC. Upon completion of this acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group.

In April 2017, Silver Year entered into a capital contribution agreement with Hunan Huiyin Tianxing and its shareholders, pursuant to which Silver Year agreed to make capital contribution in the amount of RMB25,000,000 by way of cash to Hunan Huiyin Tianxing and become a shareholder of the Target Company holding 51% of its equity interests upon completion of the transaction. Hunan Huiyin Tianxing is engaged in equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund, corporate management consultancy services. Completion of this acquisition is to take place upon fulfilment of conditions precedent as set out in the capital contribution agreement and completion of registration of change in shareholding with the relevant Administration for Industry & Commerce of the PRC and the obtaining of a new business licence for Hunan Huiyin Tianxing. Upon completion of this transaction, Hunan Huiyin Tianxing will become a subsidiary of the Company and the financial information of Hunan Huiyin Tianxing will be consolidated into the financial information of the Group. Details of the capital contribution is set out in the announcement and the circular of the Company dated 27 April 2017 and 8 June 2017, respectively.

The Group has not disposed of any of its subsidiaries during the period.

RISK MANAGEMENT

The Group adopts the following risk management policies and monitoring system to mitigate the risks associated with interest rate, foreign currency, credit, liquidity and equity price in its major operation.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates incurred for trade finance. The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustment if necessary.

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposure as certain subcontracting fees incurred in Mainland China were denominated in RMB.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against US$ may have impact on the operating results of the Group.

The Group has not entered into any hedging arrangement as the foreign currency risk is considered not material. The management has monitored the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Credit Risk

The trade and bills receivable balances included in the condensed consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's trade and bills receivables. Concentrations of credit risk are managed by customer.

The Group performs ongoing credit evaluations of its debtors' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based on a review of the expected collectability of all trade and bills receivables.

The Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimise the credit risks. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by management.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period. Management manages this exposure by assessing the risk associated with each individual investment and maintaining a portfolio of investments with different risks in the future if necessary.

CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2017.

CHARGE ON THE GROUP'S ASSETS

No charges on the Group's assets was noted as at 30 June 2017.

USE OF PROCEEDS

The highlights of the use of proceeds during the period is as follows:

(i) Approximately HK$3,700,000 was used for enhancement of our IT system.

(ii) Approximately HK$6,100,000 was used for development of the financial services business of the Group, including the investments in licensed corporations to carry out financial service activities under SFO and investment management company in the PRC.

The proceeds from initial public offering of Company's shares had been fully utilised as at 30 June 2017 and in accordance with the proposed applications set out in the Company's announcement dated 19 December 2016.

DIVIDEND

The Board does not recommend the distribution of any dividends for the six months ended 30 June 2017 (2016: nil).

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

There had not been any equity fund raising activity conducted by the Group in the past twelve months.

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

On 19 December 2016, Capital Strategic (the "Lender"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with a third party independent of the Company and its connected person (as defined under the Listing Rules) (the "Borrower"), pursuant to which the Lender agreed to provide a loan to the Borrower in the principal amount of HK$20,000,000 (the "Loan") for a period of 6 months following the date of the first drawdown at an interest rate of 13% per annum payable on the date falling 6 months from the first drawing of the Loan.

As the term of the Loan Agreement had expired on 18 June 2017, the Lender and the Borrower had on 19 June 2017 entered into a supplemental deed (the "Supplemental Deed") to, among other matters, (i) extend the maturity date from 19 June 2017 to 18 December 2017; and (ii) revise the loan granted under the Loan Agreement down to HK$18,200,000 (the "Revised Loan"). Other than the maturity date which has been extended to 18 December 2017 and the amount of the loan has been revised down to HK$18,200,000 pursuant to the Supplemental Deed, the principal terms of the Loan Agreement remains applicable to the Lender and the Borrower in connection with the Loan.

The grant of the Loan and the Revised Loan under the Loan Agreement and the Supplemental Deed, respectively, are financial assistances provided by the Group within the meaning of the Listing Rules and constituted discloseable transactions for the Group under Chapter 14 of the Listing Rules. Details of the grant of the Loan and the Revised Loan is set out in the announcement of the Company dated 19 December 2016 and 19 June 2017, respectively.

TERMINATION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 22 December 2016 (after trading hours), the Company and Win Wind Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the placees to subscribe for a maximum number of 96,000,000 placing shares, representing 20% of the then issued share capital of the Company, at the placing price of HK$2.05 per placing share during the placing period (the "Placing"). As disclosed in the announcement of the Company dated 10 January 2017, the Company and the Placing Agent agreed to terminate the Placing Agreement on 10 January 2017 as the conditions precedent stipulated in the Placing Agreement cannot be fulfilled on or prior to the 21st day after the date of the Placing Agreement. All obligations of the Company and the Placing Agent to effect and complete the Placing under the Placing Agreement have ceased and determined. The Directors expected that the termination of the Placing Agreement would have no material adverse effect on the business operation and the financial position of the Group. Details of the Placing and the termination of the Placing are disclosed in the announcements of the Company dated 22 December 2016 and 10 January 2017, respectively.

SUBSEQUENT EVENTS

On 4 August 2017, the Board was informed by Plus Value International Limited, the controlling shareholder of the Company (as defined under the Listing Rules) that it disposed of 49,200,000 shares of the Company (the "Shares"), representing 10.25% of the issued share capital of the Company at HK$2.373 per Shares. As a result of such disposal, the shareholding of Plus Value International Limited in the Company reduced from 56.25% to 46%. Details of the disposal are disclosed in the announcement of the Company dated 7 August 2017.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2017, none of the Directors or Chief Executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required, to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares of the Company in or debentures of the Company granted to any of the Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 20 June 2014 (the "Share Option Scheme") which became effective on 11 July 2014. The purpose of the Share Option Scheme is to motivate certain eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an Independent Non-executive Director) of any member of the Group, a direct or indirect shareholder of any member of the Group and an associate of any of the aforementioned persons.

The maximum number of shares which may be issued under the Share Option Scheme and any other schemes of the Group must not exceed 48,000,000 shares, representing 10% of the total number of shares in issue as at the date of listing of the shares of the Company on the Stock Exchange.

The maximum number of shares issued and to be issued upon exercise of the options granted to any one eligible person (including exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the issued shares from time to time unless approved in advance by the Shareholders in general meeting with such eligible person and his close associates (as defined in the Listing Rules) (if such eligible person is a connected person) abstaining from voting.

Any offer of an option under the Share Option Scheme proposed to be made to a Director, Chief Executive or substantial Shareholder or to any of their respective associates must first be approved by the Independent Non-executive Directors (excluding Independent Non-executive Director who or whose associate is the grantee of the option). In addition, where any grant of options to a substantial Shareholder (as defined in the Listing Rules) or an Independent Non-executive Director or to any of their respective associates which would result in the relevant class of securities in issue and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) in excess of 0.1% of the relevant class of securities in issue; and (ii) with an aggregate value (based on the closing price of the securities at the date of each grant) in excess of HK$5,000,000, such further grant of options is subject to approval by the Shareholders in general meeting, with such person, his associates and all core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

The offer of a grant of options under the Share Option Scheme may be accepted by the eligible person for a period of 28 days from the date of the offer and by payment received by the Company of HK$1.00 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date on which the option is deemed to be granted and accepted in accordance with the Share Option Scheme.

The Share Option Scheme will be valid and effective for a period of ten years from 20 June 2014.

The exercise price is determined by the Board and shall be at least the highest of: (i) the nominal value of a share; (ii) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (iii) the average closing price of a share as stated in the Stock Exchange's daily quotations sheet for the five business days (as defined in the Listing Rules) immediately preceding the offer date.

As at 30 June 2017, no share options were granted, cancelled, lapsed or forfeited under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 30 June 2017.

EQUITY-LINKED AGREEMENTS

For the period, save for the Share Option Scheme previously mentioned, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 30 June 2017.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries and fellow subsidiaries was a party during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, so far as is known to the Directors or Chief Executive of the Company, the following persons (other than Directors or Chief Executive of the Company), who had interests or short positions in the shares and the underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Shareholding Percentage
Plus Value International Limited (Note)	Beneficial owner	270,000,000	56.25%
Lai Leong (Note)	Interest in a controlled corporation	270,000,000	56.25%
People's Government of Guangzhou Municipality （廣州市人民政府）	Interest in a controlled corporation	90,000,000	18.75%

Note:

Plus Value International Limited is wholly-owned by Mr. Lai Leong. By virtue of the SFO, Mr. Lai Leong is deemed to be interested in the Shares held by Plus Value International Limited.

Save as disclosed above, as at 30 June 2017, no person, other than the Directors and Chief Executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in shares and Underlying Shares and Debentures of the Company" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

Save as disclosed above, the Company has complied with the Code Provisions during the six months ended 30 June 2017.

CHANGE IN INFORMATION OF DIRECTORS

During the period and up to the date of this interim report, the updated information on Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rule are set out below:

(1) Ms. Yi Sha
an Executive Director

– Appointed as an Executive Director of the Company with effect from 25 May 2017.

– The terms of her letter of appointment as Executive Director as follow:

Director's remuneration	:	HK$10,000 per month
Term	:	3 years commencing on 25 May 2017 which term will be continued. She will hold office until the next following annual general meeting of the Company after her appointment and will be subject to the re-election and retirement by rotation requirements under the Articles of Association of the Company (the "Articles").

(2) Mr. Liu Zhijun
an Executive Director

– Appointed as an Executive Director of the Company with effect from 7 July 2017.

– The terms of his letter of appointment as Executive Director as follow:

Director's remuneration	:	HK$10,000 per month
Term	:	3 years commencing on 7 July 2017 which term will be continued. He will hold office until the next following annual general meeting of the Company after his appointment and will be subject to the re-election and retirement by rotation requirements under the Articles.

Other Information

(3) Mr. Hon Ming Sang an Executive Director	–	Appointed as the Company Secretary, the Authorised Representative and the Process Agent of the Company with effect from 7 July 2017.
(4) Mr. Lam Kwan Sing an Executive Director	–	The remuneration have been changed to HK$240,000 per month with effect from 16 August 2017. Reference to his duties and responsibilities in the Company, qualifications, experience, the prevailing market condition and the Company's remuneration policy. The terms of his letter of appointment as Executive Director remain unchanged and effective in all respect.
(5) Mr. Chan Wai Cheung, Admiral an Independent Non-executive Director	–	Appointed as independent non-executive director of Zhong Ao Home Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1538) with effect from 31 May 2017.

Save as disclosed above, the is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, risk management and internal controls systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Audit Committee is Mr. Fok Ho Yin, Thomas.

The Audit Committee has reviewed with the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk management and financial reporting matters including the review of the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2017 with the management and the Company's external auditor, Ernst & Young.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 June 2014 with specific written terms of reference which is available on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The Remuneration Committee currently comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Remuneration Committee is Mr. Fok Ho Yin, Thomas.

Other Information

NOMINATION COMMITTEE

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board, identifying suitable individuals qualified to become Board members, assessing the independence of the independent non-executive directors of the Company and making recommendations to the Board on the appointment or re-appointment of Directors of the Company.

The Nomination Committee currently comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong. The chairman of the Nomination Committee is Mr. Fok Ho Yin, Thomas.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil). No dividend was paid during the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement and interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hanbo.com. Printed copies in both languages are posted to Shareholders.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises six executive Directors, namely Mr. Jia Bowei, Mr. Lam Kwan Sing, Mr. Liu Zhijun, Ms. Yi Sha, Mr. Wong Nga Leung and Mr. Hon Ming Sang; three independent non-executive Directors, namely, Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong.

By Order of the Board
Hanbo Enterprises Holdings Limited
Jia Bowei
Chairman

Hong Kong, 31 August 2017

The English translation of Chinese names or words in this report, where indicated by "#", are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Revenue	4&5	**168,646**	207,605
Cost of sales		**(137,536)**	(176,837)
Gross profit		**31,110**	30,768
Other income	5	**713**	537
Selling and distribution costs		**(1,881)**	(409)
Administrative expenses		**(38,798)**	(25,778)
Fair value gain on financial investments at fair value through profit or loss		**–**	91
Other expenses, net		**(771)**	(95)
Finance costs	6	**(438)**	(26)
Profit/(loss) before tax	7	**(10,065)**	5,088
Income tax expense	8	**(972)**	(952)
Profit/(loss) for the period and attributable to owners of the Company		**(11,037)**	4,136
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	**HK(2.30) cents**	HK0.86 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**(11,037)**	4,136
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve:		
– Translation of foreign operations	**(22)**	(115)
Other comprehensive loss for the period	**(22)**	(115)
Total comprehensive income/(loss) for the period and attributable to owners of the Company	**(11,059)**	4,021

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**5,448**	4,421
Intangible asset	11	**900**	900
Right-of-use assets	12	**14,464**	–
Available-for-sale investment	13	**1,021**	926
Equity investment at fair value through profit or loss	14	**8,272**	10,528
Deposit and other receivables		**11,351**	7,136
Total non-current assets		**41,456**	23,911
CURRENT ASSETS			
Inventories		**–**	12
Trade and bills receivables	15	**49,236**	51,811
Loan receivable	16	**18,200**	20,000
Prepayments, deposits and other receivables		**11,384**	39,804
Cash and cash equivalents		**50,422**	49,286
Total current assets		**129,242**	160,913
CURRENT LIABILITIES			
Trade and bills payables	17	**13,132**	14,260
Other payables and accruals		**20,000**	18,458
Interest-bearing bank and other borrowings		**3,074**	12,160
Tax payable		**9,617**	8,659
Total current liabilities		**45,823**	53,537
NET CURRENT ASSETS		**83,419**	107,376
TOTAL ASSETS LESS CURRENT LIABILITIES		**124,875**	131,287
NON-CURRENT LIABILITIES			
Other payables and accruals		**5,511**	387
Interest-bearing other borrowing		**118**	156
Deferred tax liabilities		**205**	205
Total non-current liabilities		**5,834**	748
Net assets		**119,041**	130,539
EQUITY			
Equity attributable to owners of the Company			
Issued capital	18	**4,800**	4,800
Reserves		**114,241**	125,739
Total equity		**119,041**	130,539

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company							
	Issued capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Legal reserve HK$'000	Merger reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2016	4,800	48,873	10,071	(328)	49	8,417	64,547	136,429
Profit for the period	–	–	–	–	–	–	4,136	4,136
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	–	–	–	(115)	–	–	–	(115)
Total comprehensive income/(loss) for the period	–	–	–	(115)	–	–	4,136	4,021
At 30 June 2016 (unaudited)	4,800	48,873*	10,071*	(443)*	49*	8,417*	68,683*	140,450
At 31 December 2016	4,800	48,873	10,071	(691)	49	8,417	59,020	130,539
Effect of change in accounting policy (note 3)	–	–	–	–	–	–	(439)	(439)
At 1 January 2017	4,800	48,873	10,071	(691)	49	8,417	58,581	130,100
Loss for the period	–	–	–	–	–	–	(11,037)	(11,037)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	–	–	–	(22)	–	–	–	(22)
Total comprehensive loss for the period	–	–	–	(22)	–	–	(11,037)	(11,059)
At 30 June 2017 (unaudited)	4,800	48,873*	10,071*	(713)*	49*	8,417*	47,544*	119,041

* These reserve accounts comprise the reserves of HK$114,241,000 (30 June 2016: HK$135,650,000) in the condensed consolidated statement of financial position as at 30 June 2017.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**15,433**	(2,648)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(1,747)**	(65)
Capital injection of an available-for-sale investment	**(95)**	(2,898)
Decrease in time deposits	**–**	1,188
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,842)**	(1,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
New trust receipt loans	**30,371**	65,298
Proceeds from a loan from a third party	**3,000**	–
Repayment of trust receipt loans	**(42,459)**	(65,686)
Capital element of lease liabilities payments	**(2,889)**	–
Capital element of finance lease rental payments	**(36)**	(44)
Interest paid	**(438)**	(19)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(12,451)**	(451)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,140**	(4,874)
Cash and cash equivalents at the beginning of the period	**49,286**	80,496
Effect of foreign exchange rate changes, net	**(4)**	(105)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**50,422**	75,517
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**50,422**	54,147
Non-pledged time deposits	**–**	21,370
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**50,422**	75,517

1. CORPORATE INFORMATION

Hanbo Enterprises Holdings Limited was incorporated in the Cayman Islands on 30 September 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Plus Value International Limited, which is incorporated in the British Virgin Islands (the "BVI"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Suites 904-5, 9/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are primarily engaged in the trading of apparel products and provision of apparel supply chain management services, provision of financial services, money lending business and securities investment during the six months ended 30 June 2017. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA for the first time for the current period's unaudited condensed consolidated interim financial statements of the Group.

Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Clarification of the scope of the Standard*
Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above revised standards has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

In addition, the Group has early adopted the following new HKFRSs in the current period's unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017.

HKFRS 15	*Revenue from Contracts with Customers*
HKFRS 16	*Leases*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.1 Revenue from contracts with customers

HKFRS 15 was issued in July 2014 and amended in June 2016 and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. HKFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several standards and interpretations within HKFRSs. It established a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has reviewed the impact of HKFRS 15 on all its business segments and has elected to early adopt HKFRS 15, with effect from 1 January 2017. The Group has opted for the modified retrospective application permitted by HKFRS 15 upon adoption of the new standard. Accordingly, the standard has been applied only to contracts that are not completed contracts as at 1 January 2017.

As a result of the early adoption, the Group has applied the following accounting policy for revenue recognition in the preparation of these unaudited condensed consolidated interim financial statements:

The Group recognises revenue from contracts with customers based on a five-step model as set out in HKFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.1 Revenue from contracts with customers *(Continued)*

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

In the opinion of the directors, all of the above conditions are not met and therefore, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Group recognises revenue at the transaction price that is allocated to that performance obligation, which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The adoption of HKFRS 15 has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.2 Leases

HKFRS 16 was issued in May 2016 and is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the condensed consolidated statement of cash flows applying HKAS 7.

HKFRS 16 substantially carries forward the lessor accounting requirements of the superseded HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has reviewed the impact of HKFRS 16 on all its contracts that are, or that contain leases and has elected to early adopt HKFRS 16, with effect from 1 January 2017. The Group has opted for the modified retrospective application permitted by HKFRS 16 upon adoption of the new standard. Accordingly, the standard has been applied for the period from 1 January 2017 to 30 June 2017 only (i.e. the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption of HKFRS 16 on all contracts as at 1 January 2017 in equity.

The details of adjustments to opening retained profits and other account balances as at 1 January 2017 are set out below.

Condensed Consolidated Statement of Financial Position

	31 December 2016	Adjustments	1 January 2017
	HK$'000	HK$'000	HK$'000
	(Audited)	(Unaudited)	(Unaudited)
Assets			
Right-of-use assets	–	16,555	16,555
Liabilities			
Other payables and accruals			
– Non-current portion	387	12,019	12,406
– Current portion	18,458	4,975	23,433
Equity			
Retained profits	59,020	(439)	58,581

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.2 Leases *(Continued)*

Condensed Consolidated Statement of Profit or Loss

	As per HKFRS 16	**As per HKAS 17**	**Impact due to change**
	HK$'000 (Unaudited)	HK$'000 (Unaudited)	HK$'000 (Unaudited)
Administrative expenses for the period ended 30 June 2017	(38,798)	(38,997)	199
Finance costs for the period ended 30 June 2017	(438)	(187)	(251)
Loss for the period ended 30 June 2017	(11,037)	(10,985)	(52)

Modified retrospective application of HKFRS 16 also requires the Group to recognise a lease liability at the date of initial application for leases previously classified as an operating lease under the superseded HKAS 17 measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. As a practical expedient under HKFRS 16, the Group has not reassessed whether a contract is, or contains, a lease at the date of initial application. Instead, the Group applied HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 *Leases* and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, and did not apply HKFRS 16 to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics for determination of present value of the remaining lease payments. The right-of-use assets have been recognised, on a lease-by-lease basis, at respective carrying amounts as if HKFRS 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate of 2.75% at the date of initial application.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use asset to leases for which the lease term ends within twelve months of the date of initial application.

As a result of early adoption, the Group has applied the following accounting policy for lessee accounting in the preparation of these unaudited condensed consolidated interim financial statements:

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.2 Leases *(Continued)*

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group as a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

The non-lease components are accounted for in accordance with the Group's policies.

For determination of the lease term, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

(a) is within the control of the Group; and

(b) affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Group recognises a right-of-use asset and a lease liability under the lease contract.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.2 Leases *(Continued)*

Lease liability

Lease liability is initially recognised at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an extension option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Group remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group uses a revised discount rate that reflects changes in the interest rate.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in profit or loss.

The Group accounts for a lease modification as a separate lease if both:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

3.2 Leases *(Continued)*

Lease liability *(Continued)*

Lease modifications that are not accounted for as a separate lease, the Group, at the effective date of the lease modification: (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Right-of-use assets

The right-of-use asset is initially recognised at cost comprising of:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are recognised as part of the cost of right-of-use asset when the Group incurs an obligation for these costs. The obligation for these costs is incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After initial recognition, a lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) trading of apparel products and provision of apparel supply chain management services;

(b) financial services;

(c) money lending; and

(d) securities investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2017

	Apparel trading and related services HK$'000 (Unaudited)	Financial services HK$'000 (Unaudited)	Money lending HK$'000 (Unaudited)	Securities investment HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue	169,617	–	1,285	(2,256)	168,646
Segment results	6,929	(27)	(8,272)	(2,260)	(3,630)
Reconciliation:					
Interest income					6
Corporate and other unallocated expenses					(6,003)
Finance costs					(438)
Loss before tax					(10,065)
As at 30 June 2017					
Segment assets	74,425	4,632	19,492	8,272	106,821
Reconciliation:					
Corporate and other unallocated assets					63,877
Total assets					170,698
Segment liabilities	27,341	6,486	17,637	8,117	59,581
Reconciliation:					
Elimination of intersegment payables					(32,010)
Corporate and other unallocated liabilities					24,086
Total liabilities					51,657
Other segment information:					
Reversal of provision for slow-moving inventories	(12)	–	–	–	(12)
Depreciation of property, plant and equipment	645	–	–	–	645
Depreciation of right-of-use assets	951	–	117	–	1,068

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the purposes of monitoring segment performance and allocating resources between segments:

(a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and other head office and corporate assets as these assets are managed on a group basis; and

(b) all liabilities are allocated to operating segments other than unallocated liabilities, tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

For the six months ended 30 June 2016

The Group focused primarily on the trading of apparel products and provision of apparel supply chain management services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information was available. Accordingly, no operating segment information was presented.

GEOGRAPHICAL INFORMATION

During the period, approximately 99.9% (six months ended 30 June 2016: 98.6%) of the Group's total revenue from external customers, based on the locations of the products shipped to, was attributed to the United States of America ("USA"). At the end of the reporting period, the non-current assets of the Group were located in:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Hong Kong	**30,688**	16,436
Mainland China	**3,291**	598
Other countries	**7,477**	6,877
	41,456	23,911

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the reporting period is set out below:

	Six months ended 30 June	
	2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Customer A	**78,854**	59,404
Customer B	**40,873**	52,947
Customer C	**26,172**	39,664

5. REVENUE AND OTHER INCOME

Revenue represents (i) the aggregate of the net invoiced value of apparel products sold, after allowances for returns and trade discounts; (ii) interest income from money lending business; and (iii) change in fair value of an equity investment.

An analysis of the Group's revenue and other income is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**169,617**	207,605
Interest income from money lending business	**1,285**	–
Unrealised loss on an equity investment at fair value through profit or loss	**(2,256)**	–
	168,646	207,605
Other income		
Bank interest income	**6**	53
Sale of scrap materials	**–**	91
Rework and compensation income	**523**	44
Sundry income	**184**	349
	713	537

An analysis of the disaggregation of revenue from the sale of goods by geographical location of final shipment destination of the apparel products is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
USA	**169,389**	204,764
China	**197**	334
Hong Kong	**31**	2,507
	169,617	207,605

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**182**	19
Interest on a finance lease	**5**	7
Unwinding of finance costs on lease liabilities	**251**	–
	438	26

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**137,536**	176,837
Depreciation of property, plant and equipment	**717**	839
Depreciation of right-of-use assets	**2,942**	–
Minimum lease payments under operating leases	**704**	1,363
Reversal of impairment of trade receivables	**–**	(381)
Reversal of provision for slow-moving inventories	**(12)**	(136)
Foreign exchange differences, net	**142**	136

8. INCOME TAX

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current:		
– Hong Kong	**670**	641
– Elsewhere	**302**	311
Total tax charge for the period	**972**	952

8. INCOME TAX *(Continued)*

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2017 and 2016. The subsidiary of the Company established in Mainland China is subject to corporate income tax at a standard rate of 25% for the six months ended 30 June 2017 and 2016. No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from complementary tax pursuant to Macao's relevant tax legislations. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2017 is based on the loss attributable to ordinary equity holders of the Company of HK$11,037,000 (six months ended 30 June 2016: profit of HK$4,136,000), and the weighted average number of ordinary shares of 480,000,000 (six months ended 30 June 2016: 480,000,000) in issue during the period.

Diluted earnings per share equals to basic earnings per share as there was no dilutive potential share outstanding for the six months ended 30 June 2017 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment at costs of HK$1,747,000 (six months ended 30 June 2016: HK$65,000).

11. INTANGIBLE ASSET

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Cost at 1 January	**900**	–
Addition – separately acquired	**–**	900
	900	900

The intangible asset represents direct costs incurred for the acquisition of a money lenders licence with indefinite useful life and is stated at cost less any impairment losses.

The money lenders licence is considered by the directors of the Company as having indefinite useful life because it is expected that the money lenders licence can be renewed continuously at minimal cost and it will contribute net cash inflows for the Group in the foreseeable future. The money lenders licence will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

11. INTANGIBLE ASSET *(Continued)*

For the purpose of impairment testing, the money lenders licence with indefinite useful life is allocated to a cash-generating unit ("CGU") operating as a subsidiary of the Company which is engaged in money lending business.

The recoverable amount of the CGU has been determined based on a value in use calculation using a cash flow projection based on financial budget approved by management covering a one-year period. The discount rate applied to the cash flow projection is 13%.

12. RIGHT-OF-USE ASSETS

	HK$'000 (Unaudited)
Cost at 1 January 2017	–
Recognition upon initial application of HKFRS 16	16,555
Additions	851
Depreciation provided during the period (note 7)	(2,942)
At 30 June 2017	14,464
At 30 June 2017:	
Cost	17,406
Accumulated depreciation	(2,942)
Net carrying amount	14,464

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

13. AVAILABLE-FOR-SALE INVESTMENT

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Unlisted equity investment, at cost	**1,021**	926

As at 30 June 2017, the above unlisted equity investment with a carrying amount of HK$1,021,000 (31 December 2016: HK$926,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably. Management has no intention to dispose of the investment in the foreseeable future.

14. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Listed equity investment, at market value	**8,272**	10,528

The above equity investment at 30 June 2017 and 31 December 2016 was, upon initial recognition, designated by the Group as financial asset at fair value through profit or loss.

15. TRADE AND BILLS RECEIVABLES

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Trade receivables	**40,400**	51,408
Bills receivables	**9,141**	708
	49,541	52,116
Impairment	**(305)**	(305)
	49,236	51,811

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

15. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Within 1 month	**28,169**	29,340
1 to 2 months	**15,609**	11,946
2 to 3 months	**5,458**	10,525
	49,236	51,811

An aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Neither past due nor impaired	**43,420**	41,169
Less than 1 month past due	**5,816**	10,642
	49,236	51,811

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

16. LOAN RECEIVABLE

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Loan receivable – unsecured	**18,200**	20,000

16. LOAN RECEIVABLE *(Continued)*

Loan receivable arising from the money lending business of the Group bears interest at a rate of 13% (31 December 2016: 13%) per annum. The Group did not hold any collateral or other credit enhancements over this balance.

The loan receivable as at 30 June 2017 and 31 December 2016, based on the payment due date, was neither past due nor impaired and relates to an independent borrower for whom there was no recent history of default.

17. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Within 1 month	**11,963**	14,260
1 to 2 months	**689**	–
2 to 3 months	**214**	–
Over 3 months	**266**	–
	13,132	14,260

The trade and bills payables are non-interest-bearing and are normally settled on an average term of 30 days.

18. SHARE CAPITAL

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
480,000,000 ordinary shares of HK$0.01 each	**4,800**	4,800

19. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the period, the Group recognised the right-of-use assets and the corresponding lease liabilities upon initial application of HKFRS 16, in respect of the rights and obligations for using the rental leases, with aggregate amounts of HK$17,406,000 and HK$17,845,000, respectively.

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group has subleased certain leased property under an operating lease arrangement, with a lease negotiated for a term of two years.

As at the end of the reporting period, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Within one year	**504**	–
In the second to fifth years	**378**	–
	882	–

(b) As lessee

The Group leases certain of its office premises and staff quarter under operating lease arrangements. The leases are negotiated for terms ranging from 6 months to two years which are cancellable with notice periods ranging from one to three months.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases failing due as follows:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Within one year	**51**	5,547
In the second to fifth years, inclusive	**–**	2,876
	51	8,423

20. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee *(Continued)*

Following the Group's election to adopt HKFRS 16 (Note 3), the resulting impact on the condensed consolidated statement of profit or loss and condensed consolidated statement of cash flows is as follows:

	30 June 2017 HK$'000 (Unaudited)
Unwinding of finance costs on lease liabilities (note 6)	**251**
Expense relating to short term leases	**704**
Total cash outflows in respect of leases	**2,889**

21. COMMITMENTS

At 30 June 2017, the Group had commitments of HK$38,239,000 relating to the acquisition of subsidiaries (31 December 2016: HK$790,000 relating to the purchase of a motor vehicle).

22. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into transactions with related parties as follows:

		Six months ended 30 June	
	Notes	**2017 HK$'000 (Unaudited)**	2016 HK$'000 (Unaudited)
Rental expenses paid to Action Win Industries Limited ("Action Win")	(i)	**–**	426
Rental expense paid to Liu and Cheng (Cambodia) Limited ("Liu and Cheng")	(ii)	**–**	116

Notes:

(i) Rental expenses for the prior period were paid to Action Win Industries Limited, which is controlled by Mr. Liu Ying Yin, James ("Mr. Liu"), for a lease of office premises and a warehouse located in Hong Kong. The rental for the office premises was charged at a monthly fixed amount of HK$36,000 and the monthly rental for the warehouse was increased from HK$35,000 to HK$37,000 with effect from 1 June 2016.

(ii) Rental expense for the prior period was paid to Liu and Cheng, which is controlled by Mr. Liu and Mr. Cheng Lap Yin ("Mr. Cheng"), for a lease of an office located in Cambodia and was charged at a monthly rental of US$2,500 (approximately HK$19,000).

Upon the resignation as executive directors of the Company of Mr. Liu and Mr. Cheng on 29 November 2016, these transactions ceased to be related party transactions.

22. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Commitments with related parties

During the six months ended 30 June 2016, the Group entered into operating lease arrangements as a lessee with companies controlled by Mr. Liu and Mr. Cheng Lap Yin, for lease terms ranging from three to five years. The total amounts of rental expenses were disclosed in note 22(a)(i) and (ii) to the condensed consolidated interim financial statements.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**4,082**	2,845
Post-employment benefits	**68**	36
Total compensation paid to key management personnel	**4,150**	2,881

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Group's financial instrument, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	30 June 2017	31 December 2016	**30 June 2017**	31 December 2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial asset				
Equity investment at fair value through profit or loss	**8,272**	10,528	**8,272**	10,528

Management has assessed that the fair values of trade and bills receivables, a loan receivable, the current portion of financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade and bills payables, the current portion of financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

The fair values of the non-current portions of financial assets included prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and an interest-bearing other borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of a listed financial investment is based on quoted market price.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instrument:

Asset measured at fair value:

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Fair value measurement using quoted prices in active markets (Level 1)		
– Equity investment at fair value through profit or loss	**8,272**	10,528

The Group did not have any financial liabilities measured at fair value as at 30 June 2017 and 31 December 2016.

During the six months ended 30 June 2017 and the year ended 31 December 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 31 August 2017.

Independent Review Report

EY 安永

TO THE BOARD OF DIRECTORS OF HANBO ENTERPRISES HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 47, which comprises the condensed consolidated statement of financial position of Hanbo Enterprises Holdings Limited (the "Company") and its subsidiaries as at 30 June 2017 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
31 August 2017